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Programme budget for the biennium 2008-2009

Proposed programme budget for the biennium 2010-2011

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Capital master plan

Sixth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2010-2011

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the following reports relating to the capital master plan:

(a) Seventh annual progress report of the Secretary-General on the implementation of the capital master plan (A/64/346);

(b) Report of the Secretary-General: proposal for risk mitigation measures to protect data and the information and communications systems of the Secretariat during construction work of the capital master plan (A/64/346/Add.1);

(c) Report of the Secretary-General on proposals for financing the associated costs required for the year 2010 from within the approved budget of the capital master plan (A/64/346/Add.2);

(d) Report of the Board of Auditors on the capital master plan for the year ended 31 December 2008 (A/64/5 (Vol. V));

(e) Report of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its report on the capital master plan for the year ended 31 December 2007 (A/64/368).

During its consideration of the above-mentioned reports, the Advisory Committee met with the Executive Director of the capital master plan project and other

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representatives of the Secretary-General, as well as with members of the Audit Operations Committee, who provided additional information and clarification.

II. Report of the Board of Auditors on the capital master plan for the year ended 31 December 2008

2. In its report on the capital master plan for the year ended 31 December 2008 (A/64/5 (Vol. V)), the Board of Auditors made a series of recommendations related both to the management of the project and to financial issues. The Board has made 11 main recommendations, including two reiterated recommendations, which are set out in paragraph 9 of the report. Of the 11 recommendations, 4 have been implemented, 4 are in progress and 3 were not accepted. A list of the main recommendations and their implementation status is provided below.

3. The Board recommended that the Administration:

	Paragraph	*Status*
(a) Keep the extent of the provision for contingencies under review in the event of future modifications to the scope of the capital master plan;	66	Implemented
(b) Maintain a schedule showing the link between the renovation costs and the (i) actual value of the signed guaranteed maximum price contracts and (ii) estimated value of the guaranteed maximum price contracts to be signed;	68	Implemented
(c) Make provision for delays in the schedule of the project and continue to consider ways to mitigate delays;	78	Implemented
(d) Adhere strictly to the requirements of the Procurement Manual relating to contractual amendments for new works and services;	127	Implemented
(e) Prior to the full implementation of the International Public Sector Accounting Standards, take steps to report in volume I of the financial statements of the United Nations only that portion of capital master plan expenditures that constitutes capital costs as part of construction in progress;	47	In progress
(f) Establish the advisory board for the capital master plan;	102	In progress
(g) Consider ways and means to increase significantly the level of internal control over amendments to contracts relating to the capital master plan;	120	In progress
(h) Oversee strict compliance by the construction manager with its obligations;	90	Ongoing

(i)	Distinguish between the provision for contingencies and that for forward pricing escalation, as was done in the previous presentation of the cost estimate for the project;	55	Not accepted
(j)	Take appropriate measures to regularize the transactions that occurred under the authority granted to the Director of the Procurement Division in accordance with the memorandum of the United Nations Controller and approved on 15 November 2007;	113	Not accepted
(k)	As long as no ex post facto review procedure is secured, make every effort to involve the Headquarters Committee on Contracts in the adjudication process prior to signing or amending contracts that are within the scope of the authority of that Committee.	121	Not accepted

4. The Advisory Committee notes that the long outstanding recommendation concerning the establishment of an advisory board is under implementation. The General Assembly first requested the establishment of an independent and impartial board to advise the Secretary-General on financing matters and to provide advice on overall project issues in its resolution 57/292 (see also A/57/285 and Corr.1, para. 66). The Assembly subsequently requested the Secretary-General to ensure that the advisory board provide the necessary level of technical supervision (resolution 62/87, para. 26). Upon enquiry, the Committee was informed that résumés of candidates for the Chairperson and members of the Board, solicited from the host country and five regional groups, were under review and that the Secretary-General would be in a position to appoint the Chairperson and the members of the Board before the end of 2009. **The Committee expects that the Advisory Board will be established in accordance with the provisions of paragraphs 40 and 41 of General Assembly resolution 63/270.**

5. The Advisory Committee notes that the Secretary-General did not accept the recommendation of the Board of Auditors on the need to distinguish between the provision for contingencies and that for forward pricing escalation (A/64/5 (Vol. V), paras. 55-59). Upon enquiry the Committee was informed that the Office of the Capital Master Plan had decided to merge the provisions for contingency and cost escalation because the risks of inflation had greatly diminished in view of the fact that some $1.242 billion, or 63 per cent of the projected cost of the project, had already been committed. The combined provision for contingency and price escalation was set at 10 per cent for signed guaranteed maximum price contracts and 20 per cent for those which had not yet been finalized. However, the Board questioned the economic factors underpinning the cost estimates and indicated that, without a precise breakdown of the provision for contingencies, it was unable to assess fully the adequacy of the amount set aside for price escalation. The Board also reiterated its previous recommendation, only partially implemented, on the need to detail the economic assumptions used to arrive at the cost estimate for the project and to monitor the evolution of those assumptions and their consequences for the project (ibid., paras. 60-63). **The Committee recommends that the General Assembly request the Secretary-General to provide a more detailed analysis in**

response to the issues raised by the Board and further justifications in support of his decision to combine the provisions for contingencies and inflation (see also para. 24 below).

6. With respect to procurement and contract management (A/64/5 (Vol. V), paras. 106-122), the Advisory Committee notes that procedures were adapted to the specificities of the capital master plan, namely to allow the Secretary-General to take swift decisions in case of contractual amendments in order to ensure adequate procurement planning and avoid costly delays to the project schedule. In that context, the Under-Secretary-General for Management approved, initially for a six-month period, an increase in delegation of authority to the Director of the Procurement Division to cover contract amendments incurring expenditures up to $2.5 million, on the condition that the amendments be subjected to ex post facto review by the Headquarters Committee on Contracts (memorandum approved on 15 November 2007). However, the Chairman of the Headquarters Committee on Contracts considered that ex post facto reviews were not consistent with the provisions of financial rule 105.13 (c), which stipulates that the advice of a review committee is required before final action leading to the award or amendment of a procurement contract may be taken (see A/64/5 (Vol. V), para. 111). Subsequently the delegation of authority was further extended to cover expenditures up to $5 million, but without the review of the Headquarters Committee on Contracts (memorandum of 3 March 2008). As indicated in the Board's report, 26 contractual amendments totalling $19.5 million were executed under the initial delegation of authority and a further 74 contractual amendments, totalling $42.7 million, as a result of the second memorandum, but without the review and the recommendation of the Headquarters Committee on Contracts (A/64/5 (Vol. V), paras. 112 and 118).

7. In his report on the implementation of the recommendations of the Board of Auditors (A/64/368), the Secretary-General disagreed with the Board of Auditors on the requirement for an ex post facto review by the Headquarters Committee on Contracts to regularize the transactions that occurred under the authority granted to the Director of the Procurement Division in accordance with the memorandum approved on 15 November 2007 (see A/64/5 (Vol. V), para. 113). He justified his position on the grounds that: (a) the Board did not indicate non-compliance with the terms of the delegation of authority or any irregular transaction having been performed using that delegation of authority; and (b) that, in granting the higher delegation of authority to the Director of Procurement with respect to the capital master plan, the Under-Secretary-General for Management had revised the monetary value of procurement actions subject to review; the contract amendments concluded under the increased delegation of authority were therefore within the framework of the financial regulations and rules of the United Nations, and related policies and procedures (see A/64/368, paras. 29-31).

8. **The Advisory Committee considers that the Secretary-General's response does not address in a satisfactory manner the concerns raised by the Board of Auditors and the Headquarters Committee on Contracts nor the question of whether adequate control could be exercised over the contractual amendments and the procurement process in the absence of an ex post facto review by the Headquarters Committee on Contracts. In the Committee's view, neither the absence of irregularity in the exercise of the extended delegation of authority, nor the need to avoid administrative delays, nor even the eventual unsuitability of the procedures of the Headquarters Committee on Contracts to specificities**

of the capital master plan or the requirement for a revision of the financial regulations and rules constitute a sound basis for concluding that an ex post facto review of all contract amendments is unnecessary. In this connection, the Committee points out that when the initial extension of delegation of authority was approved, the Under Secretary-General for Management was predisposed to believe that an ex post facto review by the Headquarters Committee on Contracts was necessary. The Committee is of the opinion that the Secretary-General has not put forward a convincing argument for withdrawing the requirement for an ex post facto review.

9. On a related issue, in his response to the recommendation of the Board of Auditors that consideration be given to significantly increasing the level of internal control over amendments to contracts, the Secretary-General indicated that a review committee is to be established in October 2009 for the ex post facto cases resulting from contract amendments and change orders approved under the delegations of authority granted to the Director of the Procurement Division (see A/64/5 (Vol. V), para. 120; A/64/368, para. 35). Upon enquiry, the Advisory Committee was informed that the review committee would carry out ex post facto reviews of all contract amendments, including those already issued under the extended delegation of authority. The review committee would thus constitute an alternative procedure to the ex post facto review of contract amendments by the Headquarters Committee on Contracts. **The Committee urges the Secretary-General to ensure that the terms of reference of the review committee and the procedures put into place for reviewing contract amendments allow for the regularization or review of past transactions, thereby addressing the issue of internal control.**[1] **The Committee trusts that the issues related to procurement and contract management will be resolved expeditiously and that the contract amendments will be regularized or reviewed prior to the conduct of the next audit of the capital master plan by the Board of Auditors. The Committee trusts that the Board will consider the recommendations of the review committee.**

10. **The Advisory Committee emphasizes the need for strict compliance with organizational regulations, rules, policies and administrative procedures. The Committee further stresses that in situations where the views of the Secretariat differ from those of the Board of Auditors, the Secretariat should fully justify its position and provide clear explanations as to why recommendations of the Board cannot be accepted and identify appropriate measures for mitigating any associated risks. The Committee also emphasizes the importance of ensuring that Member States receive full assurance from oversight bodies as to the soundness of the management practices and internal controls of the project so as to provide reasonable confidence that the resources appropriated are protected and that institutional objectives are met.**

11. In addition to the main recommendations discussed above, the Board made some observations on the schedule, relocation, risks to staff and associated costs. In particular, it recommended that the Secretary-General:

(a) Expedite the preparation and approval of the contracts relating to the Secretariat Building;

[1] See A/64/5 (Vol. V), paras. 113 and 120; A/64/368, para. 28.

(b) Expedite the relocation of all staff to avoid aggravating the delay in the start of the work on the Secretariat Building;

(c) Take advantage of the late start of work on the Secretariat Building to make additional checks on the state of the building, particularly regarding asbestos removal, and establish a very rigorous system for checking progress in regard to works and supplies;

(d) Pursue communication efforts with staff members regarding aspects of the capital master plan that will affect their working conditions;

(e) Disclose in the cost estimate for the capital master plan the associated costs approved by the General Assembly.

The Advisory Committee notes that, in his report on the implementation of the recommendations of the Board of Auditors (A/64/368), the Secretary-General indicated that those recommendations have either been implemented or will be implemented by December 2009.

III. Seventh annual progress report on the implementation of the capital master plan

12. In the Secretary-General's seventh annual progress report (A/64/346), he indicated that, since the issuance of the previous report (A/63/477), the capital master plan project had transitioned from the design phase work to actual construction activity and he outlined the progress that has been made with respect to design work and the construction of the temporary North Lawn Building, as well as the relocation of staff to on-site and off-site swing spaces. Design and construction documents incorporating the results of the value-engineering exercises have been completed for some 80 per cent of the work of the project. As of 1 August 2009, guaranteed maximum price contracts have been finalized for 63 per cent of the project, and it is expected that over three quarters of the project will be purchased and committed by the early part of 2010. The current schedule of the capital master plan shows slippage, with the completion of the project projected in late 2013 instead of mid-2013 as stated in the previous report. The Secretary-General expected to minimize delays, however, by accelerating construction and renovation activities and to complete the capital master plan project within the time frame of the leases of the swing spaces. He also affirmed that cost of the capital master plan is closer to the amount budgeted than at the time of the preparation of the sixth annual progress report.

A. Relocation

13. In his report, the Secretary-General provided an update of the number of staff to be relocated in order for renovation to commence and the status of movement of personnel to on-site and off-site swing spaces as of 1 September 2009 (A/64/346, paras. 4, 5 and 8). As indicated, the swing space budget provides for the relocation of 2,773 staff to the off-site swing spaces leased in the 380 Madison Avenue, Albano and United Nations Federal Credit Union (UNFCU) Buildings. A further 811 personnel are to be relocated within the Headquarters complex and a number of interim displacements are also necessary to provide key personnel with ready access

to the Headquarters site and conference facilities. In addition to the relocations relating to the capital master plan project, the Office of Central Support Services continues to provide office space for personnel recruited in relation to the ongoing expansion of activities. The Advisory Committee was informed that the Office of Central Support Services has leased additional space at 730 Third Avenue and 300 East 42nd Street to meet office space needs that have arisen following the approval of the accelerated strategy of the capital master plan in December 2007 and that additional offices have been established in the Alcoa and Chrysler Buildings for the Office of Administration of Justice and the Office of Legal Affairs. The Committee notes that the Office of Central Support Services and the Office of the Capital Master Plan coordinate the planning of the relocations so that each department is treated as a single entity, regardless of funding source.

14. The Advisory Committee was informed that the relocation of departments and offices to off-site swing spaces commenced in the spring of 2009 and is planned to be completed by December 2009. Between 50 and 400 staff are moved each week, taking into account the moves related to the capital master plan as well as those attributable to the expansion of activities and interim displacements for which the Office of Central Support Services is responsible. Upon request, the Committee was provided with a table presenting an overview of the total number of already completed and outstanding moves as of 1 October 2009, including the planned dates for the remaining moves, as well as a breakdown of the moves related to the capital master plan project and those under the responsibility of the Office of Central Support Services (see annex I). The table shows that a total of 3,067 moves have been completed, and that an additional 2,186 staff are to be moved between 2 October and 18 December 2009. The Committee was further informed that the relocations had taken place relatively smoothly and that they would be completed in time for the commencement of the work on the renovation of the Secretariat Building. **The Advisory Committee notes the progress made to date and expects that the planned moves of personnel would be completed as scheduled so as to allow the commencement of the renovation phase. It trusts that the moves will be done in such a manner as to minimize the disruption to the work of the Organization.**

B. Schedule

15. The seventh annual progress report provides the current projection of the schedule of the capital master plan as compared to the projection set out in the previous annual progress report (A/64/346, table 1). The Advisory Committee notes that the completion of the capital master plan project has slipped from "mid-2013" to "late 2013", as a consequence of the delay in the construction of the temporary North Lawn Building, which commenced in mid-2008 rather than early 2008. The main reasons for the delay are set out in paragraph 9 of the report. The Secretary-General indicated that an accelerated schedule has been developed for the renovation of the Secretariat Building, which allows for the completion of the capital master plan project within the time frame of the leases of the swing spaces.

16. In addition, the Advisory Committee notes that there has been a significant change in the project design, with the requirement for the construction of an interim Security Council Chamber in the General Assembly Building, arising from the decision of the Department of Safety and Security against the relocation of the

Security Council to the temporary North Lawn Building. The Committee was informed that, as a consequence, the commencement of the renovation of the Conference Building has been delayed from late 2009 to early 2010, with a potential impact on the renovation timetable for the General Assembly Building, which was to start after completion of the Conference Building, and consequently, on the schedule of the capital master plan project. As indicated in the report (A/64/346, para. 12), the Secretary-General aims to minimize delays by accelerating the renovation of the Conference Building and expects that the renovation of the General Assembly Building will be completed "only slightly behind schedule". The Committee was informed that, in the context of the capital master plan project, which extends over a 60-month period, this corresponds to a delay of approximately four months. Upon enquiry, the Committee was further informed that the decision to maintain the Security Council within the main complex Buildings rather than relocating it to the temporary North Lawn Building was taken in 2008, on the basis of security considerations, and also taking into account the need for larger press facilities than planned, which would in turn lead to increased requirements in terms of space, circulation, security and technological infrastructure. **The Committee regrets that security concerns and space requirements were not duly considered at an earlier stage, and that the decision to maintain the Security Council within the main complex of Buildings had not been part of the initial planning. The timing of that decision demonstrates a lack of sound planning and coordination, which has resulted in delays and additional costs being incurred. The Committee emphasizes the need for intensified coordination and consultation between the Office of the Capital Master Plan and all other key stakeholders in order to ensure effective planning of the project and to avoid, to the extent possible, unforeseen delays and resulting cost escalation.**

17. The Advisory Committee notes that the overall schedule of the capital master plan has already been impacted by the delay in the start of construction activities and is also subject to further delays related to the construction of the interim Security Council Chamber. The Secretary-General affirmed that accelerated schedules for the renovation of the Secretariat and Conference Buildings are being developed in order to minimize delays and adhere to the current schedule as set out in the seventh annual progress report, although he provided few details and little concrete information on how the two four-month delays are to be overcome, or the potential costs and risks associated with the compressed schedule. Furthermore, the timeline of the main activities of the schedule is expressed in somewhat broad and vague terms, at the early, mid or late part of a given year. **The Committee recommends that the General Assembly request the Secretary-General to provide more comprehensive and specific information in future progress reports with respect to project delays, including the range of their cost implications and other potential consequences on the execution of the project, as well as the actions to be taken to manage delays or cost risk effectively.**

C. Value engineering

18. In his previous annual progress report, the Secretary-General indicated that an intensive value engineering exercise, undertaken to seek ways to reduce costs in a way that did not compromise quality or functionality, had resulted in approximately $100 million in cost savings and a corresponding reduction of the $219 million

project deficit (A/63/477, para. 15). In his current report, the Secretary-General indicated that the value engineering exercise has continued and will continue throughout the design and preparatory phases, and that it is also being applied in the context of the procurement of the guaranteed maximum price contracts (A/64/346, paras. 15 and 16). The goal of the value engineering exercise is to achieve a further $100 million or more in additional savings so as to complete the project within or below budget. **The Advisory Committee encourages the Secretary-General to pursue the value engineering exercise so as to maximize savings and the cost-effective use of resources, while ensuring, inter alia, that the quality, functionality and scope of the project are not compromised and that the integrity of the architectural design of the complex is preserved.**

19. The Advisory Committee notes that the Secretary-General has not addressed the requests made by the General Assembly in its resolution 63/270,[2] nor the Committee's recommendations in its previous report on the sixth annual progress report on the capital master plan,[3] in which the Secretary-General was requested to provide a detailed description of the value engineering activities, the related costs and fees and a clarification of the definition of value engineering, including a breakdown of the potential savings to be realized through each value engineering initiative. Upon request, the Committee was provided with a summary of value engineering initiatives and the related estimated savings for each building to be renovated (see annex II). The Secretary-General indicated that it was difficult to distinguish between the savings related to changes in design or to the cost of materials and labour and those attributable to favourable market conditions, and he was therefore not able to provide a further breakdown of the estimated cost savings. **The Committee considers that a detailed analysis and breakdown of such costs is essential for the effective management of resources and to support informed decision-making, as well as for maintaining adequate standards of transparency and accountability for the utilization of resources. Accordingly, the Committee reiterates the above-mentioned recommendations and requests that the requested information be included in the eighth annual progress report on the capital master plan.**

D. Project cost

20. In its resolution 61/251, the General Assembly approved the financing of the capital master plan and decided that the total budget for the project was not to exceed $1,876.7 million. Subsequently, in the fifth progress report on the capital

[2] In its resolution 63/270, part I, para. 4 (a), the General Assembly requested the Secretary-General to include detailed information in his seventh annual progress report on value engineering activities, as well as costs and fees.

[3] A/63/736, paras. 18 and 19; the Committee recommended that the Secretary-General clarify the definition of value engineering to reflect the fact that the exercise entails the realization of cost reductions through a combination of design modifications, the selection of more efficient and/or less expensive alternatives and benefits derived from the changed economic circumstances, and that the Secretary-General also provide a cost estimate of the fees relating to the value engineering programme. The Committee also requested that the Secretary-General specify in the cost estimate of the project the cost of the fees relating to the value engineering programme. It also requested that the Secretary-General include in his seventh annual progress report a detailed description of the value engineering initiatives under way and a breakdown of the potential savings to be realized through each initiative.

master plan (A/62/364 and Corr.1), the Secretary-General presented a new estimate of approximately $2,097 million, more than $219 million above the approved budget, owing to the delayed start of the project. In its resolution 62/87, the Assembly requested that the Secretary-General ensure by all means that the project costs were brought back within the approved budget and approved the Secretary-General's proposal for an accelerated strategy that would result in the completion of the project by 2013. In the sixth annual progress report on the capital master plan (A/63/477), the Secretary-General presented a lower estimate of $1,974 million, a figure which was still, however, about $97.5 million above the approved budget level.

21. The current estimate, as of September 2009, presented in the seventh annual progress report is slightly lower, at $1,968.1 million, some $91.4 million over the approved budget, representing a reduction of $6.1 million as compared to the previous estimate. The updated budget showing the projected changes in renovation costs, swing space costs and options is provided in table 2 of that report. The Advisory Committee notes increases in projected costs under all the renovation and swing space items, representing an overall increase of $47.7 million, from $1,738.9 million to $1,786.6 million. The higher requirements are offset by a decrease in the amount of $53.8 million under the combined provision for contingencies and cost escalation.

E. Guaranteed maximum price contracts

22. With regard to procurement, the Advisory Committee was informed that the renovation work had been split into 22 individual guaranteed maximum price contracts, 14 of which had already been awarded. As indicated in paragraphs 49 and 50 of the seventh annual progress report, the level of funds committed through guaranteed maximum price contracts amounts to $1,223.6 million, or some 62 per cent of the total budget. Thus, a large portion of the costs of the project was procured during the early stages of the economic downturn, at a time when the economic climate was beneficial to the Organization in its efforts to implement the capital master plan within the approved budget. In addition, by locking in prices at current favourable market conditions, the guaranteed maximum price contracts constitute a mechanism for mitigating the risks of cost escalation, in particular with respect to inflation. Upon enquiry, the Committee was informed that an additional $95 million for the Conference Building and $145 million for infrastructure systems, security systems and basement works are to be purchased and committed by the end of 2009 or early 2010, by which time some 80 per cent of the project would have been procured. Upon enquiry, the Committee was informed that the remaining 20 per cent of construction work is not due to commence before 2012, and that the Office of the Capital Master Plan did not deem it advisable to request bids and enter into guaranteed maximum price contracts so far in advance of the commencement of construction activity, since, in all likelihood, the contractors would increase the price of their bids to cover worst-case scenario contingencies and price escalation risks. **The Committee notes the efforts of the Office of the Capital Master Plan and the progress achieved in procurement of the project. It encourages the Office to proceed, where feasible, with the awarding of the remaining guaranteed maximum price contracts for the Conference Building**

and the infrastructure so as to derive maximum benefit from prevailing favourable market conditions.

23. In this connection, the Advisory Committee notes that the Office has implemented the Board's recommendation concerning the need to maintain a schedule showing the link between the renovation costs and the value of the signed guaranteed maximum price contracts as well as the estimated value of the guaranteed maximum price contracts to be signed (A/64/368, paras. 13 and 14). The schedule is updated on a weekly basis and includes a projection of the value of change orders.

F. Economic factors analysis

24. In paragraph 6 of its previous report (A/63/736), the Advisory Committee emphasized the importance of monitoring the evolution of the economic factors and their consequences on the project and requested the Secretary-General to include detailed information on this issue in the seventh annual progress report. **Given the uncertain and fluid economic situation, the Committee believes that a comprehensive analysis of the evolution of economic factors and the assumptions underpinning the cost estimates is an essential means for gaining a better understanding of the risks of the project and would greatly facilitate consideration of this item. The Committee therefore reiterates that request and trusts that detailed information in this regard will be included in the eighth annual progress report (see also para. 5 above).**

G. Cash/interest appropriations and expenditures

25. The status of appropriations and expenditures is provided in the seventh annual progress report (A/64/346, paras. 61 and 62 and table 3). As at 31 August, a total of $1,186.8 million has been appropriated by the General Assembly, an amount of $88.4 million in assessments remained unpaid to the capital master plan for 2009 and prior periods, total expenditures amounted to $872.9 million and an amount of $72,068 remained outstanding to the working capital reserve fund. As indicated by the Board of Auditors (A/64/5 (Vol. V), paras. 20-23), up to and including 2008, the cash requirements of the project were lower than available cash, and this excess of income over expenditures provided the capital master plan fund with significant interest income. The Advisory Committee was informed that, as at 25 September 2009, some $67.7 million in interest had been earned on the funds of the capital master plan and the working capital reserve.

26. The Secretary-General is requesting the General Assembly to appropriate the balance of the capital master plan budget of some $690 million. The Advisory Committee enquired as to the reasons for this request given the favourable cash position of the capital master plan fund. It was informed that the balance of the requirements was required to allow the Organization to enter into commitments and finalize guaranteed maximum price contracts for the remainder of the project.

H. Procurement opportunities for developing countries and countries in transition

27. In the seventh annual progress report, the Secretary-General outlined some of the actions taken in response to General Assembly resolution 63/270 (part I, para. 15) requesting him to explore ways to increase procurement opportunities for vendors from developing countries and countries in transition. The Advisory Committee was informed that, as a result of those actions, some $25 million, or 6.7 per cent of Skanska's total contract value, had been sourced from outside the host country.[4] **The Committee notes the initial results and encourages the Secretary-General to pursue his efforts in response to the requests of the General Assembly in this regard.**

I. Donations

28. The General Assembly, in its resolution 63/270 (see part I, paras. 25-29), decided not to endorse the donation policy related to the capital master plan and requested the Secretary-General to make new proposals in that regard that would allow all Member States to make donations in full conformity with the international and intergovernmental character of the Organization as well as the Financial Regulations and Rules of the United Nations, and without prejudice to the scope, specifications and design of the project. The Secretary-General indicates that a revised donations policy was developed to allow for smaller cash donations either through a joint contribution, involving several Member States, in order to fund the joint "adoption" of a room, or directly to a trust fund without adopting a room. **The Advisory Committee appreciates the efforts made to adapt the policy so as to enable a broader base of Member States to contribute to the capital master plan.**

J. Parking

29. In the sixth annual progress report (A/63/477) the Secretary-General indicated that in order to provide for improved security of the Headquarters complex, certain changes to the garage would be required that would result in the permanent elimination of approximately 350 parking spaces. The General Assembly expressed concern about the existing difficulties with regard to the availability of parking at the United Nations and requested the Secretary-General to ensure that the total number of parking spaces available to Member States would not diminish upon the completion of the capital master plan (resolution 63/270, part I, para. 33). The Advisory Committee notes that the Secretary-General has entrusted the capital master plan design team with reviewing options and that he will report on this matter in the context of the eighth annual progress report.

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[4] Canada, China, France, India, Indonesia, Israel, Japan, Malaysia, Mexico, the Netherlands, New Zealand, the Philippines, Poland, Singapore, South Korea, Sweden, Thailand and the United Kingdom of Great Britain and Northern Ireland.

K. Sustainability

30. In his report, the Secretary-General described progress made in the area of sustainable design, proposing more ambitious targets for three key sustainability initiatives, including a 50 per cent reduction in energy consumption, a 45 per cent reduction in greenhouse gas emissions and a 40 per cent reduction in freshwater consumption (A/64/346, para. 33). A number of additional sustainability initiatives are detailed in paragraphs 34 to 37 of the report. The Advisory Committee welcomes the efforts undertaken by the Secretary-General to ensure that the capital master plan contributes to improvements in the environmental performance of the Headquarters facility. **The Committee requests that the Secretary-General provide, in the eighth annual progress report, in addition to the targets expressed in terms of reduced consumption, estimates of the resulting cost savings and the time frame for the realization of those savings.**

L. Conclusions and recommendations

31. The actions requested of the General Assembly are set out in paragraph 64 of the Secretary-General's report. The Advisory Committee recommends that the General Assembly take note of the progress made since the issuance of the sixth annual progress report and request the Secretary-General to continue reporting on the status of the project, the schedule, the projected cost to complete, the status of contributions and the working capital reserve. **The Committee recommends approval of the Secretary-General's proposals with respect to the appropriation of the remaining balance of $689.9 million towards the construction phases of the capital master plan.**

32. **Updated information on the cash position of the capital master plan fund and the working capital reserve, as well as on the status of contributions and expenditures, should be provided to the General Assembly for its consideration of this question. The Advisory Committee also requests that the Secretary-General report comprehensively on the specific issues highlighted in the preceding paragraphs. Lastly, the Committee emphasizes the critical importance of close cooperation among the key departments involved in the capital master plan at every stage of the project and encourages the Secretary-General to continue monitoring its implementation.**

IV. Proposal for risk mitigation measures to protect data and the information and communications systems of the Secretariat during construction work of the capital master plan

33. The Secretary-General's report (A/64/346/Add.1) provides an update on the implementation of the new secondary data centre pursuant to General Assembly resolution 63/269, in which the Assembly approved the Secretary-General's proposal (see A/63/743) to establish a new secondary data centre for United Nations Headquarters. The new centre is to replace the current secondary data centre in the DC-2 Building in order to mitigate risks during the relocation of the primary data centre from its current location in the Secretariat Building to its new, permanent location in the North Lawn basement. In that resolution, the Assembly also decided

that any further proposal for risk mitigation measures during the construction work of the capital master plan, if necessary, should be reported in the context of the annual progress report on the capital master plan and requested the Secretary-General to submit a unified disaster recovery and business continuity plan, including a permanent solution for Headquarters, to it no later than at the main part of its sixty-fifth session.

34. The Advisory Committee notes that the Secretary-General has engaged the services of a consulting company experienced in data centre relocation projects to provide expert advice in planning the relocation of both the primary and the secondary data centres, as recommended in its report (A/63/774, para. 21).

35. In order to meet the requirements of the construction schedule of the capital master plan, the new secondary data centre must be implemented within the time frame set out in the Secretary-General's report (A/63/743, paras. 20-27 and figure I), which requires completion of the migration of all systems from the current secondary data centre in the DC-2 Building to the new facility by 31 October 2009, so as to allow migration of the primary data centre from the Secretariat Building to the North Lawn basement between 1 November 2009 to 30 March 2010, by which time the Secretariat must be vacated.

36. In view of the strict time schedule and the associated costs attached to any delay in the schedule of the capital master plan, the Secretary-General proposed to lease a commercial data centre facility, starting on 1 July 2009, and to engage the services of the International Computing Centre to install new information and communications technology (ICT) equipment in this ready-to-use facility, migrate all systems to the new secondary data centre and manage some of the operations of the new secondary data centre (see A/63/743). It was anticipated that the Secretariat should enter into a service delivery agreement with the International Computing Centre under financial rule 105.16 (a) (iii) on cooperation with other organizations of the United Nations system. Furthermore, in order to ensure the cost-effectiveness of the services provided by the Computing Centre and achieve a best-value-for-money outcome from the Centre, it was decided that the service delivery agreement process would be managed by the Procurement Division and that the Office of Information and Communications Technology would develop a robust statement of work, with clear deliverables, to be used by the Procurement Division to benchmark estimates provided by the Centre.

37. In his current report (A/64/346/Add.1), the Secretary-General indicated that the International Computing Centre had been unable to meet the Secretariat's schedule for completion of the secondary data centre migration by 1 November 2009. As a consequence, the Secretariat had no option but to implement the project in-house and has set up a dedicated team for that purpose. Despite this setback, which occurred at a late stage of the process, the Secretary-General stated that the project is back on track and will be implemented within the projected time frame.

38. In addition, as a consequence of the inability to contract the International Computing Centre to provide both equipment and services as envisaged under the service delivery agreement, the Secretary-General had to purchase and/or lease all the ICT equipment directly and to realign the resources approved by the General Assembly in its resolution 63/269, as shown in table 1 of the Secretary-General's report. The Committee was informed that the proposed requirement for services remains an estimate pending the renewal of the current service delivery agreement

with the Computing Centre, which expires at the end of 2009 (see paras. 39 and 40 below).

39. The Advisory Committee notes the alternative approach taken in order to meet the requirements of the capital master plan schedule. Upon enquiry, the Committee was provided with additional information on the opportunity costs of implementing the project and running the secondary data centre in-house for the period from 1 July 2009 to 31 December 2011, including: the diversion of skilled staff from priority departmental and enterprise initiatives to constitute a dedicated project team for the migration project; the additional administrative and managerial burden related to the recruitment of individual contractors for temporarily replacing those staff and ensuring sufficient transfer of knowledge for continuity of regular operations; the additional administrative burden on the Procurement Division and the Office of Information and Communications Technology for procuring equipment and software and adapting the funding provided by the General Assembly to accommodate purchase rather than lease of ICT equipment for the data centre; and the additional responsibility for the management of the ICT assets. The Committee was further informed that the International Computing Centre provides ongoing 24/7 monitoring services for both the primary and secondary data centres under the terms of an existing contract, which expires on 31 December 2009, and that the Secretariat would face difficulties in providing those services if the Centre's contract were not to be renewed in a timely manner. **The Committee remains concerned by the risks posed to the project and urges the Secretary-General to continue to closely monitor the situation and to ensure that the activities related to the migration and running of the secondary data centre are completed in accordance with the time frame of the capital master plan.**

40. The Advisory Committee was informed that the inability of the International Computing Centre to meet the Secretariat's schedule was in part due to the time required for conducting the benchmark exercise with respect to the estimates provided by the Centre. **Given the status of the Centre as an interorganizational entity and its long-standing and ongoing working relationship with the United Nations, the Committee had the understanding that workable procedures for setting up contractual arrangements expeditiously with the Centre were in place, within the framework of financial rule 105.16 (a) (iii). The Committee emphasizes that the relationship with the International Computing Centre and the means by which it provides services to the United Nations should be monitored and should be subject to periodic review and vendor appraisal exercises, as well as benchmarking with public and private sector organizations. The Centre should also be evaluated against quality and performance standards in order to ensure that it remains a cost-effective and reliable partner. At the same time, the Committee believes that every effort should be made to ensure that administrative processes are designed to support the offices and departments of the Secretariat in the efficient and timely execution of their projects, rather than hindering progress. The Committee recommends that the General Assembly request the Secretary-General to review the procedures in place and make the necessary adjustments and to report on the measures taken in the context of the annual report on procurement activities.**

V. Associated costs related to the capital master plan

41. The Secretary-General's proposals for financing the associated costs required for 2010 from within the approved budget for the capital master plan (A/64/346/Add.2) was submitted in response to the request of the General Assembly in its resolution 63/270. In that resolution, the Assembly decided not to approve the overall level of associated costs as set out in the report of the Secretary-General on associated costs (A/63/582), bearing in mind opportunities for further cost reductions posed by the economic circumstances at that time as well as savings realized by the Secretary-General. **The Assembly also decided that the approved associated costs for the capital master plan would be financed from within the approved budget of the capital master plan, unless otherwise specified by the Assembly.**

42. In its report on the capital master plan, the Advisory Committee expressed its concern about the way in which the request for additional resources to meet the associated costs has been presented, noting in particular, that a number of the requirements listed in the report did not relate directly to the capital master plan but rather to ongoing capital improvements, which, without prejudice to the relative merits of the requests themselves, should not be considered as associated costs (A/63/736, para. 34). **The Committee believes that those observations remain valid and that associated costs should not be investment costs or long-term commitments.**

43. In his previous report on associated costs (A/63/582), the Secretary-General determined that associated costs estimated at $185,997,400 gross ($176,569,000 net) would be required for the period 2008-2013 for four departments, namely, the Department for General Assembly and Conference Management, the Department of Public Information, the Office of Central Support Services of the Department of Management and the Department of Safety and Security, including $38,191,200 gross ($35,816,700 net) for the biennium 2008-2009. In view of the timing of its consideration of the request, in April 2009, with less than nine months remaining of the 2008-2009 biennium, the General Assembly, in its resolution 63/270, requested the Secretary-General to make every effort to absorb a total amount of 30,272,400 dollars (net) for the associated costs for the biennium 2008-2009 from within the overall budget approved for the capital master plan (see part II, para. 9). In his current report, the Secretary-General proposes an amount of $172 million net[5] for the period 2008-2013, comprising $30,272,400 approved for the biennium 2008-2009, $50,114,100 proposed for 2010 and the remaining requirements of $91,874,900 projected for the period 2011-2013 (A/64/346/Add.2, see table 3). A summary of the resource requirements by budget section and biennium is provided in table 2 of the Secretary-General's report.

44. Upon enquiry the Advisory Committee was provided with an update of the status of expenditures for 2008-2009 pertaining to associated costs as at 30 September 2009, shown in the table below.

[5] The overall amount of $172 million for the associated costs, including $50.1 million for the biennium 2010-2011 for the associated costs, are calculated as net figures, as the tax reimbursement requirements are charged to the tax equalization fund, which is financed from the difference between the gross and the net of assessed contributions.

Table 1
Status of expenditures pertaining to associated costs as at 30 September 2009
(Thousands of United States dollars)

	Approved 2008-2009	*Expenditure as at 30 September 2009*	*Projected expenditure for the period 1 October-31 December 2009*	*Projected unencumbered balance for 2008-2009*
	(a)	*(b)*	*(c)*	*(d)=(a)-[(b)+(c)]*
Department for General Assembly and Conference Management	995.3	648.2	347.1	0.0
Department of Public Information	3 823.1	427.4	3 395.7	0.0
Office of Central Support Services	11 720.1	3 926.9	4 697.1	3 096.1
Construction, alteration, improvement and major maintenance	4 521.6	3 066.3	1 721.3	-266.0
Department of Safety and Security	7 576.3	5 500.5	2 075.8	0.0
Office of Information and Communications Technology	1 636.0	178.0	926.0	532.0
Total (Net)	**30 272.4**	**13 747.3**	**13 163.0**	**3 362.1**

A. Department for General Assembly and Conference Management

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
995.3	648.2	347.1	0	645.6	1 319.2	2 960.1

45. The projected requirements for the Department for General Assembly and Conference Management amount to an estimated $2,960,100 for the duration of the project, essentially under other staff costs. The resources would provide additional support capacity for mission critical meetings and documents management systems during the implementation of the capital master plan project and the relocation of the staff of the Department to multiple locations.

46. An amount of $995,300 was allocated in 2008-2009 to cover the cost of temporary positions equivalent to two Information Systems Officers (P-3) and four Records Management Assistants (General Service (Other level)) for a period of 18 months, as well as five Information and Communications Technology Technicians (General Service (Other level)) for a period of three months. As indicated in the Secretary-General's report (A/64/346/Add.2, para. 5), the Department expects to fully utilize the allocated funds.

47. The estimated resource requirements for associated costs for 2010, amounting to $645,600, would provide for the continuation of six temporary staff positions equivalent to two Information Systems Officers (P-3) and four Records Management Assistants (General Service (Other level)). **The Advisory Committee recommends**

approval of the resources requested for 2010 in the amount of $645,600 to provide additional support capacity during the implementation of the capital master plan on the understanding that every effort will be made to absorb the additional requirements.

B. Department of Public Information

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
3 823.1	427.4	3 395.7	0	30 035.8	—	33 858.9

48. The estimated resources for the Department of Public Information for the period 2008-2013, amounting to $33,858,900, are required for the construction of a permanent broadcast facility. The bulk of the resources ($30,035,800) are required in 2010-2011 for the acquisition of an integrated digital media asset management system to replace the current obsolete broadcast equipment.

49. An amount of $3,823,100 was allocated in 2008-2009, of which $3,505,700 was earmarked to create the selection criteria and a proof-of-concept library for the digital media asset management system and $317,400 was budgeted for the reconfiguration of a radio studio for the new International Broadcast Centre and for the audio-visual archivists to work on the inventory, appraisal, selection, classification, retention, disposal and indexing of audio-visual records. As indicated in the report (A/64/346/Add.2, para. 7), although there have been some technical delays in the work related to the proof-of-concept library, owing mainly to the decision to separate procurement of the digital media asset management system from that of the permanent broadcast facility, the Department expects that the funds allocated for 2008-2009 will be fully committed by the end of 2009, or in the early part of 2010 (see para. 51 below).

50. The Advisory Committee was informed that the acquisition of the permanent broadcast facility and the integrated system is planned for 2010. However, following close consultations between the Department, the Office of Central Support Services and the Office of the Capital Master Plan, it had been decided to procure the new permanent broadcast facility as a design-build rather than a design-bid-build contract, as originally envisaged, and to procure the new permanent broadcast facility through the construction manager for the capital master plan. Under the design-bid-build approach, the project owner contracts with separate entities for the design and construction of the project, whereas under the design-build approach, the design and construction aspects are contracted with a single contractor. The Committee was informed that the design-build approach to project delivery allows (a) limiting the risks to the project owner since design and construction work is contracted to the same entity; and (b) reducing project execution time by breaking up the construction project into manageable components and overlapping the design and construction phases of the various components.

51. The Advisory Committee was informed that the procurement of the permanent broadcast facility had been restructured into three separate procurement actions, each of which is treated as a separate design-build contract. The funds allocated for

design consultancy in 2009 ($3,505,700) would be incorporated into these separate contracts. The Committee was provided with a detailed schedule for the procurement actions, in which the completion of the procurement of the digital asset management broadcast automation system is projected during the first quarter of 2010 (see annex III).

52. Upon enquiry as to the reasons for the selection of the construction manager for the capital master plan for the permanent broadcast facility project, the Advisory Committee was informed that this choice would allow increased efficiencies while mitigating the potential risks and duplications, given the fact that the construction manager for the capital master plan has the overall responsibility for ensuring that all the components of the plan are fully integrated, constructed and deployed according to schedule.

53. **The Advisory Committee recognizes the need to modernize the antiquated equipment of the permanent broadcast facility and therefore recommends approval of the $30,035,000 requested in 2010 for the acquisition of the facility and equipment. It trusts that the procurement of the new permanent broadcast facility using a design-build approach through the construction manager for the capital master plan will allow the Department to make up the delays already experienced during the design phase and that every effort will be made to seek further cost efficiencies and to absorb the additional requirements.**

C. Office of Central Support Services

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
11 720.1	3 926.9	4 697.1	3 096.1	6 141.3	66 727.1	84 588.5

54. The Advisory Committee notes that, effective 1 January 2009, the Information Technology Services Division was transferred from the Office of Central Support Services to the Office of Information and Communications Technology. Accordingly, in the current report the resources related to the requirements of the Information Technology Services Division are presented under the Office of Information and Communications Technology.

55. The resources required for the Office of Central Support Services for the duration of the renovation project are estimated at $84,588,500. The bulk of that amount ($66,727,100) will be required during the period 2011-2013 to purchase furniture and equipment to fit out the renovated premises. During the first years of the capital master plan project, the resources will be required, inter alia, to manage logistical activities of the moves to swing spaces with regard to asset tracking, asset disposal, archive and record-keeping, supporting the continuation of audio and videoconferencing services, migration of conference support systems and ensuring the maintenance of the swing spaces.

56. For 2008-2009, a total amount of $11,702,100 was provided under general temporary assistance, contractual services, general operating expenses and furniture and equipment. As indicated in the report (A/64/346/Add.2, para. 11), the projected expenditure for 2008-2009 would amount to $8,624,000, resulting in under-

expenditure of $3,096,100, comprising $1.8 million in savings arising from various delays and $1.3 million to be rephased to future periods.

57. The Office of Central Support Services proposes an estimated $6,141,300 for 2010, comprising general temporary assistance ($1,600,900), contractual services ($414,300), general operating expenses ($1,527,500), furniture and equipment ($2,598,600). The Advisory Committee notes that the Office is requesting the 11 positions proposed in the previous report. In its resolution 63/270, the General Assembly authorized establishment of 7 of the 11 positions, owing in part to the limited time remaining in the biennium.

58. At the time of its consideration of that request, the Advisory Committee expressed some reservations about the level of temporary assistance proposed, in particular as regards one P-3 position for an Information Technology Officer to provide system support for some conference support systems. The Committee was of the view that the Secretary-General should take advantage of the integration of ICT services under the Office of Information and Communications Technology to centralize all ICT functions related to the capital master plan (A/63/736, para. 47). During its meetings with the representatives of the Secretary-General, the Committee reiterated those concerns and sought further justification for the requirement for the Information Technology Officer position. However, the Office maintained its position that the functions of that position did not fall within the purview of the Office of Information and Communications Technology.

59. **The Advisory Committee urges the Secretary-General to ensure that the expenditures related to the management of logistical activities during the relocation should be limited, to the extent possible, bearing in mind the need to absorb the costs within the overall budget of the capital master plan. The Committee continues to have reservations about the level of temporary assistance requested by the Office of Central Support Services and considers that further efforts could be made to accommodate the functions of the P-3 position for the Information Technology Officer from within existing resources. Accordingly, the Committee recommends approval of the additional $6,141,300 requested for 2010, except for the aforementioned position for the Information Technology Officer (P-3).**

D. Construction, alteration, improvement and major maintenance

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
4 521.6	3 066.3	1 721.3	(266.0)	2 289.1	1 500.0	8 310.7

60. For 2009, a total amount of $4,521,600 was provided under construction, alteration, improvement and major maintenance to cover the costs of the archive expansion project ($2,443,500) and for security and safety-related equipment ($2,078,100). As indicated in the report (A/64/346/Add.2, para. 14), the cost of the archive expansion project exceeds the initial budget, leaving a shortfall in the amount of $266,000, which is to be absorbed from within the existing resources of

the Office of Central Support Services. The Secretary-General expects to fully utilize the amount approved for safety and security equipment.

61. The estimated resources proposed for 2010, amounting to $2,289,100, is to provide security and safety-related equipment in relation to the management and monitoring of security in the capital master plan-related swing spaces. **The Advisory Committee recommends approval of the Secretary-General's proposals.**

E. Department of Safety and Security

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
7 576.3	5 500.5	2 075.8	—	10 358.3	21 033.4	38 979.0

62. The projected requirements for the Department of Safety and Security amount to an estimated $38,979,000 for the duration of the project, essentially under other staff costs. The bulk of the resources are required for the temporary security contingent to provide security coverage in accordance with minimum operating security standards to swing space locations and construction activity at the North Lawn and the Secretariat Buildings.

63. A total amount of $7,576,300 was approved in 2008-2009 to provide for 64 general temporary assistance positions ($5,660,000), contractual services ($288,300), general operating expenses ($146,800) and supplies and materials ($1,480,900). The Department expects to utilize the totality of the resources provided by the end of 2009.

64. For 2010, the Department proposes resources amounting to $10,358,300, of which $9,849,800 would be required to provide for the temporary security contingent, comprising a total of 107 general temporary assistance positions as follows: 8 Professional positions (1 P-5, 2 P-4 and 5 P-3), 6 General Service (Other level) positions and 93 Security Officer positions. The functions of these general temporary assistance positions are set out in the report (A/64/346/Add.2, para. 27). Upon enquiry, the Advisory Committee was informed that the related resource requirements had been calculated on the assumption of full incumbency.

65. The Advisory Committee notes that the Department is resubmitting its request for 107 general temporary assistance positions, as proposed in the previous report of the Secretary-General on the associated costs of the capital master plan (A/63/582, para. 21). In its related report, the Committee made some observations on the number and levels of positions proposed (A/63/736, paras. 54-57), taking the view that the requirements may have been overstated and had recommended a reduction in the resources requested for general temporary assistance. In particular, the Committee suggested that reduced requirements for security in the Secretariat and Conference Buildings during the renovation could allow for the redeployment of some existing staff and lower the number of new positions required for security officers. The Committee also requested information detailing the basis for the Department's determination that it would need an additional 93 security officers for

the duration of the capital master plan as well an indication of the deployment of current and proposed additional security officers by location.

66. **The Advisory Committee notes that in resubmitting its earlier proposal the Department did not address any of those concerns or provide additional justification in support of its request for additional resources.** Upon request, however, the Committee was provided with additional information detailing the utilization of existing resources during the renovation period, the backstopping positions required for overall operations and the resources required for the coverage of swing spaces and other locations (see annex IV).

67. In this connection, the Advisory Committee points out that the Secretary-General is to present to the General Assembly during the current session a report on the outcome of a management review of the Department of Safety and Security, recommended by the Independent Panel on Safety and Security, along with his recommendations for a comprehensive safety and security policy framework at the United Nations, which will also address the aspects of the structure, staffing, activities and working methods of the Department (see A/64/6 (Sect. 34); A/63/605). Pending the outcome of the management review and the determination of the programmatic and resource implications, the Secretary-General has submitted a preliminary proposed budget for the biennium 2010-2011. The detailed proposed budget for section 34, Safety and security, for the biennium 2010-2011 is to be submitted to the General Assembly for its consideration at its sixty-fourth session.

68. The Advisory Committee considers that the Department's proposals for a temporary security contingent to provide security coverage during the construction phase of the capital master plan project should be considered in the context of the outcome of that management review, which will presumably provide an assessment of the overall functioning of safety and security services, as well as the extent to which a more intensive recourse to technological systems could reduce requirements for 24/7 coverage, and a better understanding of the potential for achieving further efficiency gains.

69. **The Advisory Committee recommends that the General Assembly request the Secretary-General to closely review the requirements for additional safety and security services related to the capital master plan in the light of the above-mentioned considerations and, furthermore, that he seek all possible means for maximizing efficiencies, including through intensified use of host country support capacity, in order to reduce the requirements for temporary Security Officer positions. The Committee will consider the Secretary-General's proposals related to the provision for the temporary security contingent, comprising a total of 107 general temporary assistance positions, at the time of its consideration of the proposed programme budget for 2010-2011 for section 34, Safety and security. Accordingly, the Committee recommends approval of general temporary assistance and related non-post resources to provide for the continuation of the 64 general temporary assistance positions already in place. The Committee also recommends approval of the other non-post resources, which are not related to the general temporary assistance positions.**

F. Office of Information and Communications Technology

Approved 2008-2009	*Expenditure as at 30 September 2009*	*Estimated requirement 1 October-31 December*	*Balance 2008-2009*	*Estimated cost 2010*	*Estimated cost 2011-2013*	*Estimated cost 2008-2013*
1 636.0	178.0	926.0	532.0	644.0	1 295.2	3 575.2

70. The Advisory Committee notes that the Office of Information and Communications Technology was established on 1 January 2009, at which date the Information Technology Services Division was transferred to that Office from the Office of Central Support Services (see also para. 54 above).

71. The projected requirements for the Office of Information and Communications Technology amount to an estimated $3,575,200 for the duration of the project. The bulk of the resources are requested for contractual services to support the migration of applications. The Advisory Committee was informed that these resources were required in connection with the migration of the current primary data centre from the Secretariat Building to the new primary data centre in the North Lawn Conference Building and were not related in any way to the requirements of the new secondary data centre (see A/64/346/Add.2).

72. A total amount of $1,636,000 was allocated in 2008-2009 to provide for: contractual services for a six-member team to support the migration of applications ($1,519,700); general temporary assistance to cover the cost of temporary positions equivalent to two Information Technology Assistants positions (General Service (Other level)) in the Logistics Unit for the removal and management of information technology equipment ($92,300); and consultancy services related to the applications migration planning strategy ($24,000). The Secretary-General projects an estimated unencumbered balance of $532,000 at the end of 2009 owing to delays in the recruitment of the migration team due to unforeseen complications with the renewal of contract of the service provider (see para. 40 above). The Advisory Committee was informed that this amount will be needed to support migration efforts in early 2010 as the migration of the primary data centre is expected to be completed by March 2010.

73. An amount of $644,000 is proposed for 2010 to provide for the continuation of two Information Technology Assistants positions (General Service (Other level)) in the Logistics Unit ($160,800) and contractual services to support information technology infrastructure and help desk requirements in the swing spaces and the temporary North Lawn Building ($483,200).

74. Upon enquiry, the Advisory Committee was informed that the Logistics Unit of the Office of Information and Communications Technology, which is responsible for Secretariat-wide computer equipment, has an overall staffing of six positions, including three positions dedicated to data dismantling or destruction of computer equipment, including the two Information Technology Assistants positions that are proposed to be continued. The Office indicated that these positions are required to deal with the workload of the Unit, which is expected to grow in 2010 as departments return obsolete equipment to inventory. The two Information Technology Assistants positions are currently filled.

75. **The Advisory Committee recommends approval of the resources requested for 2010 in the amount of $644,000 on the understanding that every effort will be made to absorb the additional requirements.**

G. Other

Presentation

76. **The Advisory Committee found that the report of the Secretary-General on the associated costs of the capital master plan did not provide adequate detail to enable it to make an informed consideration of the resource requirements nor an assessment of the utilization of the resources already provided. The Committee points out that the requirements for the associated costs of the capital master plan are to be submitted on an annual basis over the duration of the multi-year project. It is important, therefore, to provide the General Assembly with a clear understanding of the objectives and tasks to be accomplished over the duration of the project, how they are related to the overall capital master plan project and the linkages and dependencies between the various activities. The report should also have provided more specific information on actual performance, including the utilization of resources and the activities completed so as to provide a clear picture of the progress made and outstanding requirements.**

77. **The Advisory Committee also noted, in several instances, that the concerned departments/offices did not take into account the observations made in its previous report (A/63/736) nor did they respond to some specific requests for information. The Committee has pointed to such instances under the relevant items in the paragraphs above. It trusts that in future due attention will be paid to diligently addressing such requests and to providing appropriate explanations should it not be possible to submit the requested information.**

Coordination

78. In its resolution 63/270, the General Assembly decided that the approved associated costs for the capital master plan would be financed from within the approved budget for the plan. The Advisory Committee notes that according to the current estimates of the capital master plan, the project is approximately $92 million above the approved budget level and that the remaining requirements for associated costs of the plan are currently estimated at over $140 million.

79. **The Advisory Committee emphasizes that a concerted and sustained effort will have to be made by the relevant departments/offices throughout the duration of the capital master plan project to seek efficiencies and opportunities to reduce costs and to take advantage of favourable market conditions, as well as rigorous project planning and management, strict cost control and avoidance of delays and cost escalation. In addition all concerned departments/offices should coordinate closely with the Office of the Capital Master Plan in order to maximize the realization of cost reductions through the selection of more efficient and/or less expensive alternatives and benefits derived from the changed economic circumstances.**

80. Upon enquiry as to the accountability for associated cost expenditures, the Advisory Committee was informed that the respective departments determine the requirements for associated costs, that the Programme Planning and Budget Division ensures that the costs are distinct and not duplicated in the regular budget and that the Office of the Capital Master Plan ensures that the costs are not covered under the budget for the plan, including evaluating the technical feasibility of implementing the requirements within the overall project. The accountability for the implementation of the activities and the use of the resources approved under the associated costs (expenditures) rests with the respective departments. **In the Committee's view, this situation is not conducive to effective coordination and project management nor to the early identification and rapid resolution of issues. The Committee points out that some of the activities in question, such as the implementation of the secondary data centre, the migration of the applications for the transfer of the primary data centre to the North Lawn Conference Building and the construction of the permanent broadcast facility are on the critical path of the capital master plan project timeline, and that any delays could have significant cost implications.**

81. **The Advisory Committee believes that effective coordination of the whole range of activities associated to the capital master plan will be required, along with clear lines of responsibility and accountability, if the capital master plan project is to be completed within the approved budget. It is of the opinion that responsibility for the coordination of these activities should be given to a senior official, such as the Under-Secretary-General of Management, who has the authority and proven managerial and leadership ability to exercise effective coordination across the multiple departments and offices involved in the project. Consideration should also be given to designating a focal point who would monitor progress and resolve issues on a day-to-day basis, bring unresolved issues to the attention of the relevant decision makers, coordinate the production of the reports of the Secretary-General on associated costs and report to the aforementioned senior official.**

VI. Conclusion

82. In paragraph 30 (a) of his report (A/64/346/Add.2), the Secretary-General recommends that the General Assembly approve the continued funding of associated costs for 2010 from within the approved budget of the capital master plan.

83. In paragraph 30 (b) of that report, the Secretary-General recommends that the General Assembly approve the total associated costs for 2010 in the amount of $50,114,100 net. **In the light of the observations and recommendations set out in the preceding paragraphs, the Advisory Committee recommends approval of a total amount of $45,841,700 net broken down as follows:**

(a) **$645,600 for the Department for General Assembly and Conference Management;**

(b) **$30,035,800 for the Department of Public Information;**

(c) **$6,009,500 for the Office of Central Support Services;**

(d) **$2,289,100 for construction, alteration, improvement and major maintenance activities at Headquarters;**

(e) **$6,217,700 for the Department of Safety and Security;**

(f) **$644,000 for the Office of Information and Communications Technology.**

Annex I

Summary of moves[a]

	Moved to date			*Still to move*																			
				2 Oct.		**23 Oct.**		**30 Oct.**		**6 Nov.**		**13 Nov.**		**20 Nov.**		**27 Nov.**		**4 Dec.**		**11 Dec.**		**18 Dec.**		
	CMP[b]	FMS[b]	**Total**	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	CMP	FMS	**Total**
305 East 46th Street	728	0	728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
UNFCU Building	107	0	107	0	0	0	0	0	0	0	0	0	0	0	0	0	0	151	0	0	0	0	0	**151**
380 Madison Avenue	1 524	266	1 790	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**45**
Dag Hammarskjöld Library	92	0	92	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
North Lawn Conference Building — Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	194	0	78	0	**272**
Secretariat Building	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23	0	0	0	0	0	0	0	0	**23**
DC1	0	19	19	0	0	0	41	0	31	0	57	0	0	0	102	0	0	0	217	0	0	0	0	**310**
DC2	0	70	70	0	0	0	0	0	31	0	0	0	15	0	0	0	0	0	0	0	0	0	0	**46**
300 East 42nd Street	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	380	0	0	0	0	**440**
Forty-fifth Street Building	0	0	0	0	0	0	0	0	110	0	0	0	0	0	293	0	0	0	0	0	0	0	0	**403**
Teachers' Building	0	0	0	0	0	0	0	0	0	0	0	0	61	0	0	222	111	0	0	0	0	0	0	**394**
Daily News Building	40	0	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
UNITAR Building	0	55	55	0	0	0	0	0	0	0	0	0	24	0	0	0	0	0	0	0	0	0	0	**24**
Miscellaneous	166	0	166	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total	2 657	410	**3 067**	45		41		172		57		100		418		333		748		194		78		**2 186**
																							Total	**5 253**

[a] These numbers do not include internal basement moves.

[b] CMP: capital master plan; FMS: Facilities Management Service.

Annex II

Value engineering: summary

A. Conference and General Assembly Buildings

1. Simplify some lighting fixtures: ($3.4 million)

2. Repair roofs where possible; replace as alternate: ($2 million)

3. Reuse underfloor raceways: ($1.1 million)

4. Leave major ceilings in place: ($0.8 million)

5. Reduce the number of phases for the capital master plan and relocate the broadcast facility: ($17.5 million)

   Undertake the construction in the Conference Building as a single phase: prior to this effort the Conference Building was to have been renovated in two phases, levels 1-B and 1, then levels 2 through 4, which was coordinated with the quantity of swing space in the planned North Lawn Conference Building.

6. Modification of the reconfiguration of the conference rooms and associated booth spaces: ($3.2 million)

   The original programme and scope identified an overall approach to the spaces which meant that they needed to be significantly altered to meet functional requirements. By working closely with various United Nations user groups the extent of the reconfigurations was reduced, while all functional requirements and international standards were maintained.

B. Infrastructure and basements

7. The reduction in the phased approach to the renovation of the campus (Secretariat Building in one phase and the Conference Building in one phase), allowed for the consolidation and reduction of the work on several infrastructure elements, including:

   (a) Separate chiller plants: ($4.3 million). Electric chillers were incorporated into the main chiller plant;

   (b) Temporary domestic water booster pumps will not be needed;

   (c) Temporary electric sub-stations will not be needed.

8. Reduced redundancy: re-examination of the design of back-up systems:

   (a) Simplification of generator design: ($2.3 million);

   (b) Removal of main cross connection on sixth floor and dual-homed telecom backbone cabling: ($5.5 million);

   (c) Reduction in the number of telephone switching rooms per floor: ($3 million);

   (d) Building management system to be run on independent cabling rather than on a structured cabling system: ($2 million).

9. Back-up cooling for the new technological centre: ($4 million)

   (a) Cost of evacuation of the sub-grade air-cooled chiller in the North Lawn Building removed;

   (b) Separate air-cooled chiller plants removed, to be replaced by one electric chiller on emergency power;

   (c) Cost of the air-cooled chiller removed.

10. Reuse existing systems if they are in a satisfactory condition:

   (a) Some print shop lighting, electrical bus duct, ductwork and basement shop configurations: ($3.6 million);

   (b) River water piping: ($1.7 million);

   (c) Parking garage lighting.

11. Re-design electrical distribution to 480 volts: ($2.5 million)

12. Use Con Ed steam for humidification, where required: ($2.4 million)

13. Meet (not exceed) code requirements for sprinkler and fire protection: ($3.4 million).

C. Secretariat

14. Reduction in the number of phases for the renovation will:

   (a) Eliminate the need for advance work to create new riser shafts while the building is occupied;

   (b) Eliminate the need for temporary services.

15. Changing the heating, ventilating and air conditioning system from an all-air system to a combination of air and water will:

   (a) Eliminate structural "beam cuts" (and reinforcing of the steel structure) that were needed for the "all air" distribution: ($8.7 million);

   (b) Eliminate the need for new structural slab openings and the closing of old slab openings for primary air duct risers and the need for constructing a new penthouse at rooftop for new mechanical equipment that was also eliminated: ($4 million). The elimination of the penthouse and rooftop equipment resulted in the elimination of the need for new column reinforcements on the high rise floors to support new loads;

   (c) Reuse piping, ductwork and shafts, where possible: ($7.5 million):

      • Simplify the design of above-ceiling systems to reduce the need for reconfiguration: ($1.3 million).

16. The re-examination of design details included the following cost-saving measures:

   (a) Use convention partitions, where required, rather than demountable glass partitions: ($4 million);

(b) Provide painted steel toilet partitions in lieu of stainless steel: ($0.4 million);

(c) Eliminate glass tiles in the bathrooms and replace with standard ceramic tiles: ($0.4 million);

(d) Reduce the level of lighting being provided for typical office spaces to current industry standards, reduce the number of lighting fixtures required and improve sustainability: ($0.5 million);

(e) Use J-hooks rather than cable trays above ceilings: ($2.9 million);

(f) Reduce the number of required curtain wall mock-ups: ($2.7 million);

(g) Make minor changes in the design of the curtain wall: ($2.5 million);

(h) Smaller design changes:

(i) Eliminate custom metal ceiling splay at curtain wall and replace with fibreglass reinforced gypsum splay units;

(ii) Maintain existing offices for Assistant Secretaries-General and Under-Secretaries-General, where reusable;

(iii) Eliminate custom sliding pocket doors in focus booths, high-end glass partitions and custom glass walls for elevators, lobby, and vestibules;

(iv) Provide bathroom fixtures to meet the number required by code, rather than increasing the number;

(v) Use standard rather than custom mirrors and light fixtures in the bathrooms;

(vi) Change to "standard" fan coil unit enclosures in lieu of custom units;

(vii) Simplify all doors by eliminating transoms (transoms to be used in public spaces only).

17. The total amount to be saved is $100.8 million, although items are actually integrated during the design process and cannot be isolated from one another.

18. Value engineering is a continuous process, which will be considered as part of all design reviews.

Annex III

Schedule for the procurement of the digital media asset management system and broadcast automation system

June 2009:	In consultation with all relevant parties, including the participation of Skanska and Vantage, a decision was made to split the procurement of the digital media asset management system and the permanent broadcast facility
August 2009:	Expressions of interest were issued for the digital media asset management system and the permanent broadcast facility in order to prequalify vendors. The Office of Central Support Services elaborated a methodology for the development of selection criteria. Three consultants were engaged by the Department of Public Information to develop detailed and specialized functional requirements for the digital media asset management system applicable for the Department's broadcast production and dissemination workflows
Early October 2009:	Prequalification of vendors applying for the expressions of interest
Mid-October 2009:	Consultants for the Department of Public Information will submit deliverables for incorporation into the draft requests for proposal, which the audio-visual consultant for the capital master plan is developing for the two separate but interlinking systems (permanent broadcast facility and digital media asset management system). The Office of Central Support Services will submit deliverables for incorporation into the same draft requests for proposal that is being developed by the audio-visual consultant for the capital master plan
November 2009:	The audio-visual consultant for the capital master plan will issue the two requests for proposal for the permanent broadcast facility and the digital media asset management system
December 2009:	Internal purchase orders will be issued in December, closely followed by change orders, which will be issued to Skanska and will continue into the first quarter of 2010 to procure the digital media asset management and broadcast automation systems
First quarter 2010:	Procurement of the digital media asset management system and the broadcast automation system; related equipment for the proof-of-concept pilot to be deployed in the North Lawn Conference Building

Annex IV

Department of Safety and Security

A. Support security functions ("back-stopping posts") required for overall operations

1. Backstopping:		
Special Security Unit	6	
Pass and Identification Unit	2	
Physical Security Unit	6	
Training and Development Unit	11	
Emergency Response Unit	12	
Counter-Surveillance Unit	4	
Security Control Centre	21	(24-hour posts)
Mail screening	2	
Residence of the Secretary-General	14	(24-hour posts)
Armoury	5	
Canine Unit	8	
Fire Unit	14	
Crisis Management Unit	3	
Local Threat and Risk Unit	1	
Strategic Planning Unit	4	
Events Planning Unit	2	
Scheduled meetings coverage	1	
Subtotal	**115**	
2. Core:		
Current annex buildings	22	
Pedestrian access control (Headquarters for construction and United Nations staff)	71	(Some 24-hour posts)
Vehicular access control (Headquarters for construction, printing, parking and catering)	35	(Some 24-hour posts)
Subtotal	**128**	
Total	**243**	

B. Posts that will relocate with functions to alternate locations during construction

Pre-capital master plan		*During capital master plan*
Secretary-General Protection Officer	14	North Lawn Conference Building
Secretary-General Detail Supervisor	4	
VIP Protection Officer	3	
Delegates Lounge	6	
38th floor access	3	
President of the General Assembly	2	
President of the Security Council	2	
General Assembly neck 1st Floor	2	Active during construction, however moves between the Conference Building and the General Assembly Building based on the phasing with the North Lawn Conference Building
Information desk	4	
Visitors screening	12	
Watch tour and gifts patrol	5	
3rd Floor General Assembly neck	3	
Security Operations Centre	10	Move to the General Assembly Building during renovation of the Conference Building and return when completed
Scheduled meetings coverage	1	
Total	**71**	

C. New posts required for coverage due to the capital master plan

305 East 46th Street	10 (24-hour coverage)
380 Madison Avenue	28 (24-hour coverage)
UNFCU: Long Island City	5
North Lawn Conference Building: construction fence	4
42nd Street and 3B: service drive construction access	9
3B: construction corridor patrol	2
43rd Street: construction access	7
North Lawn Conference Building: perimeter gate construction access	11
48th Street and 3B: service drive construction access	4
Canine Officer	9
Physical Security Supervisor	2
Safety Supervisor	2
Total	**93**